A ton of patents behind him: Aurigin systems CEO Kevin Rivette talks about his company's products and competitors.

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Kevin Rivette, founder and CEO of patent analytics company Aurigin Systems, Inc., believes patents should be used as weapons of business competition, not just as legal tools. He spoke to me about his company's origins, solutions, and competitors.

Q: When and why was Aurigin founded?

A: I founded the company in 1992. Back then you could get a patent faxed to you by Dialog or STN, but it wasn't electronic. Or you could buy an electronic copy, but it didn't have the kind of features that a licensing executive or litigation counsel needed. You couldn't make any annotations on it, for instance, or add other documents such as your litigation testimony.

Q: So the SmartPatents product was developed to address this?

A: Right. We built a product that included the text of the patent in an electronically readable form, plus the image of the patent, and then we put a wrapper around it--effectively a browser on steroids--to allow you to annotate and group patents.

Q: This was a desktop product?

A: Initially. It was designed for one person and 100 patents. In 1997, however, we discovered that, in addition to being used by individual licensing people and litigators, SmartPatents was also being used by large companies for strategic purposes.

Q: Such as?

A: For example, when it split up, AT&T divided its entire portfolio using SmartPatents. They created groups and started making annotations, saying which patents NCR should have, which ones Lucent should have, and which ones should stay with AT&T. I realized this when they called me up and said, "You know, Kevin, your product is real nice, but it takes a long time to boot up." It turned out they had stuck 10,000 patents in the system and were running it over a WAN.

Q: So you had to extend its capabilities?

A: The upshot was we started to hire more people and we built a more sophisticated client/server system. Today we've got around 100 employees and about 90-plus big customers. This includes Fortune 500 companies like GE, Dow Chemical, DuPont, Monsanto, HP, Siemens, and Procter & Gamble.

Q: At some point the company's name was changed from SmartPatents to Aurigin. Why?

A: We changed the name in 1998. We had started to build this new system, and everybody said, "You know, there is so much data in there that is business-related as much as technical." So we changed to Aurigin, which is more of a generic name. "Au" is the elemental symbol for gold.

Q: What do you mean by business related information?

A: Our system can answer questions like "Who is entering my space?" "Who is leaving my space?" "Why did this fail?" "Who is using the technology that I developed in a different way?"

Q: You also specialize in visualization tools?

A: Right. In fact, we were the first to figure out what to do with the hyperbolic lens for citation analysis, and we extended the hyperbolic lens so that you can double-click through it and colorize to add different attributes. We were also the first to use thematic maps on this type of data.

Q: What does this provide that traditional patent information can't?

A: Lateral thinking.

Q: How do you mean?

A: If you were in the automotive industry, for instance, and you did a traditional search for "fiber-reinforced drive shaft" you would come up with around 5,000 patents, which you would then have to narrow down to about 100 patents.

Aurigin would find these same 5,000 patents. It would also search laterally. So while a searcher using a traditional patent information source could bring back driveshaft patents with golf club applications, they wouldn't find medical-device applications--showing, for instance, that stent technology is moving into the arena of stainless steel and into carbon-reinforced stent. Aurigin's visualization tools, however, would.

Q: Talk me through your products. I've seen mention of SmartPatent Electronic Patents, the Aureka WorkBench, Aureka Online, and the Intellectual Property Asset Management (IPAM) system. How do they all fit together?

A: Basically they are all the same product. SmartPatents was where we offered patents as electronic text and images. Then we developed the client/server version, which was initially called IPAM. Subsequently we changed the name to Aureka.

Currently we are taking that client/server version and making it an online system, since the Web architecture allows you to do more flexible things. The client/server will be migrated to the complete Web version over the next couple of months.

Q: So is Aurigin a patent information company or a patent analytics company?

A: We are an analytics company that uses patent information to help solve business problems.

Q: So you sell the software, or analytics tools. But you also pre-load it with patent documents?

A: We do. Historically, we sold the information on a per-patent basis, but it wasn't really the patents [that] people were buying, but the analytics tools. Consequently we license the SmartPatent Electronic Patents at no charge today.

Q: A change also presumably driven by the decision of the PTOs [patent and trademark offices] to offer their data freely over the Web?

A: I always thought it was ridiculous to sell government data back to people. What is important is not the data, but what you do with it and how you visualize it.

Q: But the change followed the decision of PTOs to put their data on the Web?

A: Yes.

Q: Is it mainly U.S. patents you offer?

A: No. We also have European, INPADOC, and Japanese abstracts.

Q: How much do you charge for Aureka?

A: We offer three user tiers. The top tier is Aureka Gold. Then there is Aureka Silver and Aureka Bronze, which offer less analytics functionality. A two-user Aureka Gold license is $8,000 per month. Aureka Silver is $6,000, and Aureka Bronze is $4,500. The price per user goes down as the number of users goes up.

Q: In a recent interview with me, Andy Gibbs of PatentCafe boasted that his CafeDoors product can analyze a patent for just $35. That's quite a difference in price isn't it?

A: Andy is currently touting his stuff left, right, and center. But you know what? He doesn't have a patent database. Andy, and everybody else, has a point tool. The issue here is that you have to know which patent you are looking at, so first you have to find your needle in a haystack.

Q: You're saying that while CafeDoors can analyze a patent if you give it one, it wouldn't find the patent in the first place?

A: Right. That is exactly the problem with every other system out there. They don't have patent databases; they just have point tools. So you have got to have the patent in the first place.

Q: So who do you see as your competitors?

A: Everybody claims to be an Aurigin competitor. But we find we are more and more coming across Delphion in customer engagement. What Delphion doesn't have, however, is the high-end analytics. Nor do they have the reporting capabilities. So they are not what we would call a head-to-head competitor.

Moreover, our system is also a collaborative environment, so we're talking about the difference between having an Excel spreadsheet to do your sales force automation, and having a Siebel or a SAP system.

Q: What about online hosts like STN, Dialog, and LexisNexis?

A: We don't see ourselves as being in the same market as them. If you talk to R&D people at, say, Intel, they will tell you that they do not go up on Delphion or any of these online services because they are not secure.

Q: It's not possible to talk about patent information without reference to Derwent. How much of a competitive threat is Derwent?

A: What Derwent does is have industry Ph.D.s go read the patents, categorize them, and then create abstracts. But in dividing them up into categories Derwent faces the same problem I referred to earlier: They don't provide any lateral thinking. You just get patent databases that give you Derwent's view of the world.

That was perfect when you didn't have software tools that were smart enough.
But Aurigin has a lot of very sophisticated algorithms looking at the relationships between patents, and we actually do it better than Derwent. So Derwent is going to run into a wall here.

Q: At the same time, many of the newer competitors like PatentCafe and Delphion are beginning to mimic what you do, and driving the price down, aren't they?

A: What these companies are doing is mimicking our marketing message. But they don't mimic what we do. Yes, there are other products out there. But there are no products that offer the type of platform and the sweep and breadth that Aurigin does. Moreover, they never will, because we've got a ton of patents behind us.

For instance, we've just had a notice of allowance for a patent that says that if you've got a patent database, and then another patent database, and you create subgroups from them and then get results, that process belongs to us.

Q: couple of years ago you had a patent dispute with Derwent, didn't you?

A: I really didn't think anybody knew about that!

Q: What was it about and how was it resolved?

A: Let's just say that Derwent doesn't compete with us on a software product.

Q: Aurigin is still a private company, isn't it?

A: It is. We've been through two funding The last one was back in November 1999.

Q: What's your background?

A: I started out as a patent attorney. I used to represent Apple and Atari, and I have my own patents. So one of the things that is different about Aurigin is that it was started not by information people, but by a patent attorney. Consequently we were better able to create a product for patent attorneys, and subsequently for people who wanted to use patents as business information.

Q: You co-authored a book called Rembrandts in the Attic. What was the key message you were trying to get across, and how does that relate to what Aurigin does?

A: The key message was that there are business decisions being made on disinformation. We're not talking here about one patent, and should I litigate on it, or can I get around it. We're talking about what the market looks like. We're talking about whether you should buy a company for $1 billion. We're talking about real honest-toGod business decisions. And these are not patent attorney/librarian problems; we're talking about CEO-level business problems.

For this reason, Aurigin's message has always been different to anybody else's. If you look back at the message from people like Derwent, 3 years ago it was, "I can get you the patents faster." Now everyone is saying what Aurigin has been saying since Day One: "I can show you what you don't know."

Q: So what does the morphing of patent information products into patent analytics tools mean for librarians and information professionals? Does it impact their jobs? How should they respond?

A: Once you had bookkeepers doing the bookkeeping by putting numbers into paper spreadsheets. Then the paradigm changed, and you now have a SAP solution, or some other type of analytic tool working on the data. As a result, the people who input the data are no longer as important as the ones that can interpret it and act as an interface between the data and the decision makers.

The same applies here. Librarians and information people are going to have to adapt and become more strategic.

Richard Poynder is a UK-based freelance journalist who specializes in intellectual property and the information industry. He writes for a number of information publications and contributes regularly to the London Financial Times.